REPLY OF RESPONDENT, THE PEORIA AND EASTERN RAILWAY COMPANY, TO PETITIONERS' MOTIONS FOR DIMINUTION OF RECORD.

This memorandum deals only with so much of the pending motions as seeks authority to diminish the printed record in event that writ of certiorari is allowed.

In addition to the matter suggested for printing by petitioners (Gilbert motion, pp. 46-48), it is submitted that the following also should be included:

Exhibit 4. Excerpt from minutes of special meeting of stockholders of Peoria and Eastern approving Plan of Adjustment and showing vote by which that approval was had.

Exhibits 18, 19, 24 and K to Q, inclusive, consisting of deed from Coster and Spencer to Big Four covering Springfield Division, deed and lease of Coster and Spencer to Peoria and Eastern, Supplement to Income Mortgage and excerpts from minutes of meetings of Board of Directors of Big Four in 1889 and 1890 (rather than merely an isolated sentence extracted from minutes of one such meeting (Exhibit O) as suggested by petitioners). The printing of these documents is necessary to disprove the unfounded charge (Ewen petition, p. 3) that the reorganization of 1890 was formulated by and under supervision of the Big Four and the repeated suggestion of improper domination supposed to have resulted therefrom. Furthermore, the interrelationship of the Springfield Division purchase money lien and the several classes of securities which emerged from the reorganization of 1890 (prior liens, Consolidated

Mortgage and Income Mortgage) is made clearer by these Exhibits.

Exhibit S. In addition to the first three pages of Exhibit S, desired by petitioners, the first three and one-half pages of agreement between Coster *et al.*, and the bondholders, dated October 30, 1889, is necessary for a full understanding of the arrangement for reorganization therein provided for.

Exhibit V, Memorandum of settlement, dated February 21, 1920; Exhibit X, Statement of re-audits; and Exhibit 51, Annual accounts submitted to Income Bondholders' Trustee, together with testimony of witness Harrigan (Minutes, p. 256). These sharply disprove assertions contained in the petitions and briefs of petitioners with respect to improprieties as to advances to the Peoria and Eastern.

Testimony of witness Boynton S. Voorhees (Minutes, pp. 118-129), which gives a broad description of the Peoria and Eastern, physical and otherwise, and its relationship to New York Central; testimony of witness Willard F. Place (Minutes, page 140 to middle of page 146), which shows how the Plan of Adjustment was formulated; and testimony of witness Edward A. Clancy (Minutes, last line of page 208 and all of page 209 to and including fourth from last line), which explains the retirement and depreciation accounts and answers the misapprehension with respect thereto that is considerably labored in petitions and briefs

of both petitioners. This testimony is short and may be abbreviated by reduction to narrative form.

Respectfully submitted,

JACOB ARONSON,
CROSBY J. BEAKES,
JOHN PURYEAR,
Counsel for Respondent, The Peoria and Eastern Railway Company.

October 15, 1940.